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B1, 1.4(D)

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	SRPP-00	DS-00	EB-00	EXIM-01	E-00
	VC-00	FRB-00	H-01	TEDE-00	INR-00	ITC-01	L-00
	VCE-00	AC-01	NSAE-00	OES-00	OMB-01	OPIC-01	PA-00
	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00	SSO-00
	STR-00	TRSE-00	USIE-00	ASDS-00	PMB-00	DSCC-00	PRM-00
	DRL-02	G-00	NFAT-00	SAS-00	/009W		

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O 232032Z JAN 03  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC IMMEDIATE 9630  
INFO DEPT OF COMMERCE WASHDC PRIORITY  
DEPT OF ENERGY WASHDC PRIORITY  
NSC WASHDC PRIORITY  
OPEC COLLECTIVE  
AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
AMEMBASSY MEXICO  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY QUITO  
AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000186

NSC FOR LLORENS

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ENERGY FOR D.PHUMPHREY, A.LOCKWOOD, M.BILLIG, AND B.MARCOIS  
STATE PASS USAID FOR DCHA/OTI - R.ULLRICH AND R.PORTER

E.O. 12958: DECL: 01/22/2013  
TAGS: EPET, PGOV, ASEC, VE  
SUBJECT: VENEZUELA: GASOLINE UPDATE, JANUARY 22, 2003

CLASSIFIED BY: CHARGE D'AFFAIRES FREDERICK B. COOK; REASONS 1.5 (B) AND  
(D)

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SUMMARY  
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1. (C) GASOLINE IN CARACAS IS ONCE AGAIN IN SHORT SUPPLY. IT MAY BE SOMEWHAT ALLEVIATED BY VESSELS DELIVERING

APPROXIMATELY 500,000 BARRELS EARLY IN THE WEEK OF JANUARY 20. PDVSA'S ATTEMPTS TO MAKE LARGER GASOLINE PURCHASES HAVE SO FAR BEEN STYMIED, WE UNDERSTAND, BY THE SELLER DEMANDING THAT THE COMPANY PRE-PAY. MORE CARS ARE NOW ON THE STREETS THAN EARLIER IN THE STRIKE SO THE RELATIVE TRICKLE OF GASOLINE WILL NOT GO AS FAR. END SUMMARY.

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GASOLINE SHORT AGAIN  
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2. (C) ALTHOUGH GASOLINE IN CARACAS HAS BEEN IN SHORT SUPPLY SINCE THE FOURTH WEEK OF DECEMBER, THOSE PERSISTENT ENOUGH TO SEARCH AND TO STAND IN LINE HAVE GENERALLY BEEN ABLE TO FIND IT -- IF ONLY LEADED FUEL. THE SUPPLY HAS BEEN CYCLICAL,

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HOWEVER, AND CARACAS IS CURRENTLY GOING THROUGH A RELATIVE DRY SPELL. THE SITUATION IN CARACAS IS MARKEDLY BETTER THAN IT IS IN OTHER AREAS IN THE CENTRAL PART OF VENEZUELA AND THE WEST. [REDACTED] INFORMED ECONOFF  
JANUARY 22 THAT CHEVRONTXACO'S NATIONAL SERVICE STATION CHAIN IS OPERATING AT AN AVERAGE OF 60 PERCENT OF NORMAL. HE UNDERLINED THAT OPERATIONS IN THE EAST ARE AT ALMOST 100 PERCENT BECAUSE OF THE GASOLINE COMING OUT OF THE PUERTO LA CRUZ REFINERY WHILE OPERATIONS IN THE CENTRAL AND WESTERN PARTS OF THE COUNTRY ARE AT A MUCH LOWER LEVEL. HIS SALES VOLUME IS AT 30-40 PERCENT OF NORMAL.

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3. (C) THE PDVSA OPPOSITION GROUP "GENTE DE PETROLEO" (PETROLEUM PEOPLE) NOTED IN THEIR JANUARY 21 UPDATE THAT A BOAT LOADED WITH 240,000 BARRELS OF UNLEADED GASOLINE FROM THE HOVENSA REFINERY IN SAINT CROIX BERTHED AT CARENERO ON JANUARY 20. CARACAS' GASOLINE SUPPLY IS PIPED TO A DISTRIBUTION CENTER FROM CARENERO. AN ADDITIONAL VESSEL, LOADED WITH APPROXIMATELY 260,000 BARRELS OF UNLEADED FUEL FROM CURACAO, WAS EXPECTED TO BERTH ON JANUARY 22.

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LONGER TERM CONTRACTS  
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4. (C) A MIAMI-BASED TRADER INFORMED ECONOFF ON JANUARY 22 THAT PDVSA RECENTLY LET A 2.4 MILLION BARREL TENDER FOR GASOLINE TO BE DELIVERED TO ARUBA, BONAIRE AND CURACAO. THE TENDER WAS WON BY PROJECTOR, IDENTIFIED AS A RUSSIAN FIRM BASED IN THE UK. OUR SOURCE ADDED THAT VALERO, A U.S.

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INDEPENDENT REFINERY OPERATOR, IS BACKING PROJECTOR. THE  
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TENDER REPORTEDLY LISTS A NUMBER OF U.S. PORTS AS POSSIBLE  
PORTS FOR LOADING THE GASOLINE. THE TENDER IS NOT, HOWEVER,  
LIMITED TO THE U.S. AND OUR SOURCE BELIEVES THAT THE GASOLINE  
MAY EVENTUALLY COME FROM BRAZIL. THE TRADER UNDERLINED,  
HOWEVER, THAT NO GASOLINE HAS YET BEEN SHIPPED UNDER THIS  
TENDER BECAUSE OF FAILURE TO AGREE ON THE PAYMENT TERMS.  
PDVSA IS REPORTEDLY SEEKING TO USE A LETTER OF CREDIT TO  
COVER THE PURCHASES WHILE THE SELLER IS ASKING PDVSA TO  
PRE-PAY. IF THE PAYMENT WERE MADE TODAY, THE GASOLINE WOULD  
BE DELIVERED WITHIN A WEEK AT THE EARLIEST.

5. (C) THE TRADER ALSO INFORMED ECONOFF THAT ANOTHER PDVSA  
TENDER FOR 2.4 MILLION BARRELS OF GASOLINE WILL EXPIRE WITHIN  
THE NEXT TWO DAYS. THE TERMS REPORTEDLY CALL FOR THE  
GASOLINE TO BE DELIVERED DIRECTLY TO VENEZUELA BEFORE THE END  
OF JANUARY.

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COMMENT  
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6. (C) THE TWO VESSELS MENTIONED IN PARA. 3 ABOVE TOGETHER  
SHOULD DELIVER 500,000 BARRELS OF GASOLINE WHICH, IN  
PRE-STRIKE DAYS, WAS SLIGHTLY OVER VENEZUELA'S DAILY INTERNAL

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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 000186

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DEMAND (400,000 BARRELS). ALTHOUGH DEMAND HAS DROPPED DURING  
THE STRIKE, MORE CARS ARE OUT ON THE STREETS OF CARACAS THAN  
DURING THE CHRISTMAS HOLIDAY AND THE LITTLE BIT OF GASOLINE  
THAT CONTINUES TO TRICKLE IN WILL NOT GO AS FAR.

COOK

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